

Sanlam set to acquire majority stake in needs-matched life provider, BrightRock

In a SENS announcement released earlier today, listed financial services group Sanlam announced that it is set to acquire a 53% stake in needs-matched life insurance provider, BrightRock, subject to regulatory approval.

According to Sanlam Personal Finance (SPF) Deputy CEO Hennie de Villiers all due diligence processes have been finalised and completion of the transaction is dependent on when final regulatory approvals are granted. The transaction price depends on the date of completion, but is expected not to exceed R707 million (assuming that the transaction is approved and completed in the first half of this year).

De Villiers says the acquisition is in line with Sanlam's strategy to seek profitable and sustainable growth opportunities and is testimony to Sanlam's commitment to invest in South Africa.

Under the agreement, Sanlam and BrightRock will continue to function as independent businesses, retaining their own brands, life insurance licences and management teams.

"We believe BrightRock has established a strong and credible presence in the South African market and presents a valuable proposition to people's insurance needs", says De Villiers.

"In particular, the company's innovative needs-matched life insurance offering supports Sanlam's client-focused philosophy and our strong belief in the value of financial advice by qualified and accredited intermediaries. We believe that the BrightRock offering, together with our Matrix offering to which we introduced significant innovations early in 2016, puts us in an excellent position to meet client needs and further grow our market share."

BrightRock CEO, Schalk Malan says: "BrightRock is proud to welcome Sanlam as our new majority shareholder. Our business has grown strongly since coming to market five years ago with R148bn cover in force and over R611m API. In Sanlam, we have found a true growth partner with exceptional credentials that is supportive of our aspirations to create a highly differentiated and autonomous financial services business of scale. We're also pleased that the Lombard Insurance Group, our founding investors that backed BrightRock from inception, will remain shareholders in our business going forward."

While BrightRock products are currently sold solely through independent brokers, the product range will in future also be available through Sanlam Financial Advisers. Sanlam Broker Distribution will also take the product to market alongside its Matrix offering.

Sanlam and BrightRock will inform the market and interested parties of progress regarding the transaction.

Ends

About the Sanlam Group

Sanlam is a leading financial services group listed on the Johannesburg and Namibian Stock Exchanges. Established in 1918 as a life insurance company, the South Africa-based Sanlam Group has transformed into a diversified Pan-African financial services business.

Through its business clusters – Sanlam Personal Finance, Sanlam Emerging Markets, Sanlam Investments, Santam and the newly established Sanlam Corporate – the Group provides comprehensive and tailored financial solutions to individual and institutional clients across all market segments. The Group's areas of expertise include insurance (life and general), financial planning, retirement, investments and wealth.

The Group has a direct stake in operations based in South Africa, Namibia, Botswana, Swaziland, Zimbabwe, Mozambique, Mauritius, Malawi, Zambia, Tanzania, Rwanda, Uganda, Kenya, Ghana, Nigeria, India, Malaysia and the United Kingdom and has business interests in the USA, Australia, Burundi, Lesotho and the Philippines. Through a strategic stake in the Saham Finances Group, it has exposure to insurance operations in Morocco, Angola, Algeria, Tunisia, Niger, Mali, Senegal, Guinea, Burkina Faso, Cote D'Ivoire, Togo, Benin, Cameroon, Gabon, Republic of the Congo, Madagascar, Mauritius, Lebanon and Saudi Arabia.

For further information, visit www.sanlam.com or follow the company at @sanlam.

About BrightRock

BrightRock was established in 2011 with the goal of offering highly differentiated life insurance products to better meet clients' and financial advisers' needs. Since entering the South African intermediated individual risk market in April 2012 with its proprietary needs-matched offering, the company has become one of the fastest growing players in its category. BrightRock's needs-matched life insurance cover is uniquely structured to match client's life insurance needs very precisely at the outset and change as their needs change over time. The company is headquartered in Johannesburg and Port Elizabeth with regional hubs in the major centres of Johannesburg, Pretoria, Durban, Bloemfontein and Cape Town, and a national distribution footprint through more than 3 800 independent financial advisers. BrightRock, underwritten by Lombard Life, is an authorised financial services provider.

Media contacts

For BrightRock:

Jennifer Leppington-Clark (H+K Strategies)

+27 11 463 2198 or +27 83 376 6369

Jennifer.leppington-clark@hkstrategies.co.za

For Sanlam:

Bukelwa Matshikiza (Atmosphere Communications)

+27 21 469 1578 or +27 78 010 8706

bukelwa@atmosphere.co.za

More about BrightRock

- BrightRock, an authorised financial services provider, was established in 2011 with the goal of offering highly differentiated life insurance products to better meet clients' and financial advisers' needs.
- Since entering the South African intermediated individual risk market in April 2012 with its proprietary needs-matched offering, the company has become one of the fastest growing players in its category. Key business performance figures achieved in its first five years of operation include:
 - Total cover in force: R148 billion
 - Total annualised premium income (API): R611 million
 - Year-on-year growth in API: 72%
 - Increase in amount paid out for claims between 2015 and 2016: 85%
 - Total claims paid to date: > R220 million
 - Highest claim paid to date: R16 million
 - Employees: > 350
- BrightRock's founders are CEO Schalk Malan, and executive directors Leopold Malan, Sean Hanlon and Suzanne Stevens. The executive has embraced a uniquely collaborative leadership structure, with each of the four founders heading up a core function in the business – Leopold Malan for processing, Schalk Malan for actuarial, Hanlon for distribution and Stevens for marketing.
- In 2013, Schalk Malan was awarded with the Cover Excellence Award for product innovation as the main architect of BrightRock's needs-matched product design. Needs-matched insurance is pending international patent registration and BrightRock has featured at industry conferences in Germany, Australia, Singapore and the United States. Its content-led marketing strategy, which centres on BrightRock's "love change" brand message, is the subject of an international business school case study .
- BrightRock is headquartered in Johannesburg and Port Elizabeth with regional hubs in the major centres of Johannesburg, Pretoria, Durban, Bloemfontein and Cape Town, and a national distribution footprint through more than 3 800 independent financial advisers.
- In January 2017, Sanlam Life announced that it would acquire a 53% stake in BrightRock, subject to regulatory approvals. Under the agreement, Sanlam and BrightRock will continue to function as independent businesses, retaining their own brands, life insurance licences and management teams. While BrightRock products are currently sold solely through independent brokers, the product range will in future also be available through Sanlam Financial Advisers. Sanlam Broker Distribution will also take the product to market alongside its Matrix offering. Sanlam and BrightRock will inform the market and interested parties of progress regarding the transaction. The Lombard Insurance Group, the founding investors that backed BrightRock from inception, will also remain shareholders in the business going forward

More about needs-matched insurance

- BrightRock's needs-matched life insurance cover is uniquely structured to match client's life insurance needs very precisely at the outset and change as their needs change over time.
- Most life insurance policies bundle clients' needs into a large lump-sum that grows every year. But clients have different needs, some long-, and others short- or medium-term. BrightRock's cover is designed to track each of a clients' needs exactly as they change over time. This strips out unnecessary waste, making cover more cost efficient, relevant and sustainable. BrightRock policyholders are able to afford an average of 40% more cover for the same premium rand, from day one.
- Clients are able to change their cover when their needs change, thanks to industry-first features such as the cover conversion facility. Clients can easily access more cover when they need it. The cover conversion facility allows clients to use premiums for cover they don't need anymore, to buy cover for other needs – free of medical underwriting. BrightRock's needs-matched cover is also the only cover that allows policyholders to change their choice of a lump-sum pay-out to a regular monthly pay-out when they claim for an illness or injury with a financial impact that's permanent.

For more information, visit www.brightrock.co.za



BrightRock's Founding Executive Directors: Leopold Malan, Suzanne Stevens, Schalk Malan, Sean Hanlon.